General Assembly

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Resolution adopted by the General Assembly on 10 September 2015

[*without reference to a Main Committee (A/69/L.84)*]

69/319. Basic Principles on Sovereign Debt Restructuring Processes

The General Assembly,

Recalling its resolutions 68/304 of 9 September 2014 and 69/247 of 29 December 2014 concerning sovereign debt restructuring processes,

Welcoming the work carried out by the Ad Hoc Committee on Sovereign Debt Restructuring Processes established in accordance with resolution 69/247 throughout its working sessions, held in New York from 3 to 5 February, from 28 to 30 April and on 27 and 28 July 2015,

Stressing the importance of a clear set of principles for the management and resolution of financial crises that take into account the obligation of sovereign debtors and their creditors to act in good faith and with a cooperative spirit to reach a consensual rearrangement of the debt of sovereign States,

Considering the desirability of the wide dissemination and implementation of the principles, in accordance with national policies and circumstances,

1. *Declares* that sovereign debt restructuring processes should be guided by the following Basic Principles on Sovereign Debt Restructuring Processes, as included in the report of the Ad Hoc Committee:[1]

1. A Sovereign State has the right, in the exercise of its discretion, to design its macroeconomic policy, including restructuring its sovereign debt, which should not be frustrated or impeded by any abusive measures. Restructuring should be done as the last resort and preserving at the outset creditors' rights.

2. Good faith by both the sovereign debtor and all its creditors would entail their engagement in constructive sovereign debt restructuring workout negotiations and other stages of the process with the aim of a prompt and durable re-establishment of debt sustainability and debt servicing, as well as achieving the support of a critical mass of creditors through a constructive dialogue regarding the restructuring terms.

[1] A/AC.284/2015/2.

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3. Transparency should be promoted in order to enhance the accountability of the actors concerned, which can be achieved through the timely sharing of both data and processes related to sovereign debt workouts.

4. Impartiality requires that all institutions and actors involved in sovereign debt restructuring workouts, including at the regional level, in accordance with their respective mandates, enjoy independence and refrain from exercising any undue influence over the process and other stakeholders or engaging in actions that would give rise to conflicts of interest or corruption or both.

5. Equitable treatment imposes on States the duty to refrain from arbitrarily discriminating among creditors, unless a different treatment is justified under the law, is reasonable, and is correlated to the characteristics of the credit, guaranteeing inter-creditor equality, discussed among all creditors. Creditors have the right to receive the same proportionate treatment in accordance with their credit and its characteristics. No creditors or creditor groups should be excluded ex ante from the sovereign debt restructuring process.

6. Sovereign immunity from jurisdiction and execution regarding sovereign debt restructurings is a right of States before foreign domestic courts and exceptions should be restrictively interpreted.

7. Legitimacy entails that the establishment of institutions and the operations related to sovereign debt restructuring workouts respect requirements of inclusiveness and the rule of law, at all levels. The terms and conditions of the original contracts should remain valid until such time as they are modified by a restructuring agreement.

8. Sustainability implies that sovereign debt restructuring workouts are completed in a timely and efficient manner and lead to a stable debt situation in the debtor State, preserving at the outset creditors' rights while promoting sustained and inclusive economic growth and sustainable development, minimizing economic and social costs, warranting the stability of the international financial system and respecting human rights.

9. Majority restructuring implies that sovereign debt restructuring agreements that are approved by a qualified majority of the creditors of a State are not to be affected, jeopardized or otherwise impeded by other States or a non-representative minority of creditors, who must respect the decisions adopted by the majority of the creditors. States should be encouraged to include collective action clauses in their sovereign debt to be issued;

2. *Invites* all Member and observer States, competent international organizations, entities and other relevant stakeholders to support and promote the Basic Principles set out above, and requests the Secretary-General to make all efforts so that the Principles become generally known;

3. *Decides* to continue to consider improved approaches to restructuring sovereign debt, taking into account the Basic Principles set out above and work carried out by the international financial institutions, in accordance with their respective mandates, and to this effect decides further to define the modalities for such consideration at its seventieth session.

102nd plenary meeting
10 September 2015